

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

**AGENDA**

**TUESDAY, MAY 13, 2014**

**(Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)**

**COMMISSIONERS CHAMBERS**

**515 CENTER AVENUE - 4<sup>TH</sup> FLOOR**

**BAY CITY, MI 48708**

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 4 .....	A.	APRIL 8, 2014 REGULAR MEETING
	IV.	PUBLIC INPUT
5 - 6 .....	A.	PORTFOLIO VALUE - ENDING 05/02/2014
	B.	MONEY MANAGER REPORTS
	1.	NONE.
7 - 8 .....	C.	VEBA YTD BUDGET REPORT - ENDING 05/07/2014
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, JUNE 10, 2014 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 <sup>TH</sup> FLOOR, BAY CITY, MI 48708
	VI.	UNFINISHED BUSINESS
	VII.	NEW BUSINESS
	VIII.	MISCELLANEOUS BUSINESS
	IX.	ADJOURNMENT

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
April 8, 2014  
PAGE 1

**NOTE:** In addition to these typed minutes, this Board meeting was also taped. These tapes are available for review in the Retirement Office.

The meeting of the Board of Trustees was held on April 8, 2014 at 3:23 p.m. in the Commission Chambers, 4<sup>th</sup> Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll was taken.

**Trustees Present:** Chairperson Gray, Mr. Brzezinski, Mr. Herek, Mr. Morse, Mr. Pett, Mr. Starkweather, and Ms. Zielinski.

**Trustees Absent:** Mr. Gromaski. (Coonan)

**Also Present:**

Consultant: The Bogdahn Group: Peter Brown and Howard Pohl  
Finance Officer: Crystal Hebert  
Retirement Administrator: Janie Tacey  
Personnel Director: Tim Quinn  
Corporation Counsel: Amber Johnson  
Attorney: Thomas Michaud  
Members from the public: yes

The meeting was called to order by Chairman, Steve Gray at 3:23 p.m.

1. Moved, supported and carried to excuse Mr. Gromaski.
2. Moved, supported and carried to approve the minutes, as presented, from the March 11, 2014 meeting.

Mr. Gray called for public input. Trustee Starkweather asked for modification of the agenda to give Mr. Regulski more than the standard time for public input. Mr. Regulski has information to share with the Board regarding contribution by the Bay Medical Care Facility to the VEBA Fund.

Mr. Regulski states the Bay Medical Care Facility is basically funded by Medicare and Medicaid and they had a Medicaid audit performed in 2009. The auditors identified a question of cost and it dealt with the VEBA contributions on behalf of the Care Facility. In question is about \$490,000 in contributions. They went through the appeals process with HD&S and failed. They took it to the Administrative Law judge and they failed there also. The next step is to take it to an exception ruling to the Director of HD&S. It will take about 3 or 4 months to get a response on that. If they fail there, they will probably end up in Circuit Court. In the meantime, they decided to start making the appropriate contributions back into the VEBA which had been put on moratorium last year. Mr. Regulski's recommendation to Bay Medical Care Facility is to continue funding the VEBA. You will see through administration that the funding will start once again.

Chairman Gray asks that Mr. Regulski keep the Board posted as it goes through the process. Mr. Regulski states they have hired an attorney to represent them

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)  
April 8, 2014  
PAGE 2

in this matter. This attorney handled a similar case and won.

3. Moved, supported and carried to receive the report from the Bay Medical Care Facility regarding the Medicare Audit and the VEBA contributions.
4. Moved, supported and carried to receive the Portfolio Value from 1/1/13 - 3/31/2014. Today's value is \$38.9 million.
5. Moved, supported and carried to receive the VEBA year-to-Date Budget Report as of 03/31/2014.

**ANNOUNCEMENTS:**

- A. Next regularly scheduled meeting will be Tuesday, May 13, 2014 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4<sup>th</sup> Floor, Bay City, MI 48708.

**UNFINISHED BUSINESS:**

- A. Legal agreement for the firm of VanOverbeke, Michaud, & Timmony, P.C.
6. Moved, supported and carried to approve the Legal Representation Agreement to have the firm of VanOverbeke, Michaud, & Timmony, P.C. represent the Board of Trustees of the Voluntary Employees' Beneficiary Association.
- B. Chairman Gray stated that the Consultants checked their schedules during the break between meetings and have some dates for the interviews of three new international money managers.
7. Moved, supported and carried to meet May 14, 2014 at 8:30 a.m. to interview three money managers to replace Barings.
8. Moved, supported and carried to approve the recapture agreements with Abel/Noser, and Capis.

**NEW BUSINESS:** None

**MISCELLANEOUS BUSINESS:**

Trustee Herek wants to know who will be preparing RFP's for us. We have been waiting for 10 months to get one done. Does State law allow somebody like our administrator to write the RFP's and have somebody else approve it or do we have to go to the County for it? Mr. Michaud responds that going forward things would be a little different with Ms. Johnson and himself working on it.

Chairman Gray brings Ms. Johnson and Mr. Michaud up to speed regarding their request for an RFP. In June or July of 2013 the Board wanted an RFP because one of the Board members wanted bids for an Actuary firm. We went through the whole process, and as Mr. Herek stated, we are still waiting. The Board would

**MINUTES** BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)

April 8, 2014

PAGE 3

like a conclusion to this process and a policy on how to handle these going forward.

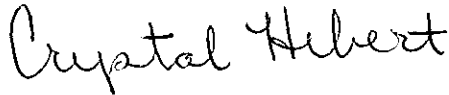
Mr. Michaud responds that the Pension Board & VEBA Board has the ability and the authority to send it out directly to get the responses they want to review. The format is within the Boards discretion as to how they want to send it out. Trustee states that somebody thinks it must be processed through the Purchasing Office. Purchasing would prepare it, then send it to the Board for approval. Once approved it would be sent out. The question is whether this Board has the authority to buy something or does everything that goes through this Board have to go to the County Commission Board for the final say?

9. Moved, supported and carried to excuse Mr. Coonan.

**ADJOURNMENT:**

10. Moved, supported and carried to adjourn the meeting at 3:38 p.m.

Respectfully submitted,



Crystal Hebert  
Finance Officer/Secretary

Transcribed by: Tracy Cederquist

# MEETING OF THE **V.E.B.A.** BOARD OF TRUSTEES COMMITTEE

## APRIL 8, 2014

IN THE BOARD OF COMMISSIONER'S CHAMBERS, LOCATED AT 515 CENTER AVENUE, 4<sup>TH</sup> FLOOR,  
BAY CITY, MI 48708

MEETING CALLED TO ORDER BY: CHAIR STEVE GRAY AT 3:23 P.M.

TRUSTEE	1	2	3	4	5	6	7	8	9	10
BRZEZINSKI	Y	M-Y	Y	Y	S-Y	Y	Y	Y	Y	Y
COONAN	E	E	E	E	E	E	E	E	E	E
GRAY	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
GROMASKI	E	E	E	E	E	E	E	E	E	E
HEREK	Y	Y	Y	Y	M-Y	M-Y	M-Y	M-Y	Y	Y
MORSE	S-Y	Y	Y	Y	Y	Y	Y	S-Y	S-Y	S-Y
PETT	M-Y	Y	M-Y	M-Y	Y	Y	S-Y	Y	M-Y	M-Y
STARKWEATHER	Y	S-Y	S-Y	Y	Y	S-Y	Y	Y	Y	Y
ZIELINSKI	Y	Y	Y	S-Y	Y	Y	Y	Y	Y	Y

TRUSTEE	11	12	13	14	15	16	17	18	19	20
BRZEZINSKI										
COONAN										
GRAY										
GROMASKI										
HEREK										
MORSE										
PETT										
STARKWEATHER										
ZIELINSKI										

CODE: M - MOVED; S - SUPPORTED; Y-YEA; N-NAY; A-ABSENT; E-EXCUSED

**Manager Mix Reports**

01 May 14

**BAY COUNTY VEBA CONSOLIDATED**

Page 1 of 1

**◆ Manager Mix - VEBA**

Account Name/ Account Number	Cash/ % of account	Short Term/ % of account	Equity/ % of account	Fixed/ % of account	R.E. and Other/ % of account	Pendings/ % of account	Total market value/ % of consolidation
BAYCO-VEBA CASH 2611831	0.00 0.00%	508,094.96 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	508,094.96 1.29%
BAYCO - VEBA DODGE & COX BAL 2613001	0.00 0.00%	1.06 0.00%	9,156,568.24 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	9,156,568.30 23.24%
BAYCO-VEBA CS MCKEE 2643882	0.00 0.00%	694,603.24 4.87%	0.00 0.00%	13,524,205.90 94.88%	0.00 0.00%	34,526.03 0.24%	14,253,335.17 36.18%
BAYCO VEBA LORD ABBOTT FD 2643890	0.00 0.00%	1.32 0.00%	6,820,126.69 100.00%	0.00 0.00%	0.00 0.00%	0.00 0.00%	6,820,128.01 17.31%
BAYCO - VEBA ATALANTA SOSNOFF 2646670	0.00 0.00%	204,628.62 2.36%	8,624,488.06 99.63%	0.00 0.00%	0.00 0.00%	-172,453.30 -1.99%	8,656,663.38 21.97%
<b>Total for consolidation</b>	<b>0.00</b>	<b>1,407,329.20</b>	<b>24,601,182.99</b>	<b>13,524,205.90</b>	<b>0.00</b>	<b>-137,927.27</b>	<b>39,394,790.82</b>
<b>% for consolidation</b>	<b>0.00%</b>	<b>3.57%</b>	<b>62.45%</b>	<b>34.33%</b>	<b>0.00%</b>	<b>-0.35%</b>	<b>100.00%</b>

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see <http://www.northerntrust.com/circular230>.

**Northern Trust**

\*Generated by Northern Trust from daily data on 2 May 14

VEBA 2014	<u>DODGE &amp; COX</u> <small>no vendor number. Mutual fund figs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CASH</u>	<u>ATALANTA SOSNOFF</u>	<u>LORD ABBETT</u> <small>no vendor number. Mutual fund figs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CS MCKEE</u>	<u>TOTAL</u>
VENDOR #						
JAN	8,684,917.69	280,504.83	1061 8,486,585.40	3509 6,452,745.50	14,059,136.47	37,963,889.89
FEB	9,076,302.62	268,241.26	8,877,365.53	6,895,488.53	14,134,880.76	39,242,278.70
MARCH	9,197,790.99	418,774.26	8,692,813.41	6,908,048.62	14,127,139.37	39,344,566.65
APRIL	9,156,569.30	508,094.96	8,656,663.38	6,820,128.01	14,253,335.17	39,394,790.82
MAY						0.00
JUNE						0.00
JULY						0.00
AUG						0.00
SEPT						0.00
OCT						0.00
NOV						0.00
DEC						0.00
ATALANTA SOSNOFF		LARGE CAP EQUITY				
CS MCKEE		FIXED INCOME				
DODGE & COX		LARGE CAP EQUITY				
LORD ABBETT		SMALL MID CAP EQUITY				
	<u>DODGE &amp; COX</u>		<u>ATALANTA SOSNOFF</u>	<u>ABBOTT</u>	<u>CS MCKEE</u>	<u>TOTAL</u>
			VENDOR 1061		VENDOR 3509	
2014						
1ST QTR			16,433.00			16,433.00
2ND QTR						0.00
3RD QTR						0.00
4TH QTR						0.00
			16,433.00		0.00	16,433.00

# Bay County Michigan

05/07/2014 12:07  
Utacey

BAY COUNTY, MI  
YTD BUDGET REPORT

PG 1  
glytbd

FOR 2014 04

ACCOUNTS FOR: PUBLIC EMPLOYEE HEALTH CARE ORIGINAL APPROP REVISED BUDGET YTD ACTUAL MTD ACTUAL ENCUMBRANCES AVAILABLE BUDGET PCT USED

73627401 VOL.EMPLOYEE BENEF.ASSOC.BOARD

RA FUND BALANCE, NET AS

73627401 40004 NET ASSETS - RESERV 1,394,185 1,394,185 .00 .00 .00 1,394,185.00 .0%

TOTAL FUND BALANCE, NET AS 1,394,185 1,394,185 .00 .00 .00 1,394,185.00 .0%

RP INTEREST & RENTALS

73627401 66400 INVESTMENT INTEREST -500,000 -500,000 .00 .00 .00 -500,000.00 .0%\*  
73627401 66500 GAIN ON SALE OF INV -1,100,000 -1,100,000 .00 .00 .00 -1,100,000.00 .0%\*

TOTAL INTEREST & RENTALS -1,600,000 -1,600,000 .00 .00 .00 -1,600,000.00 .0%

XE WAGES & SALARIES

73627401 71000 PER DIEM 360 360 .00 .00 .00 360.00 .0%

TOTAL WAGES & SALARIES 360 360 .00 .00 .00 360.00 .0%

XI SUPPLIES

73627401 72700 OFFICE SUPPLIES 100 100 .00 .00 .00 100.00 .0%  
73627401 72800 PRINTING AND BINDIN 150 150 .00 .00 .00 150.00 .0%  
73627401 72900 POSTAGE 100 100 .00 .00 .00 100.00 .0%  
73627401 75100 COMPUTER SUPPLIES 50 50 .00 .00 .00 50.00 .0%  
TOTAL SUPPLIES 400 400 .00 .00 .00 400.00 .0%

XL OTHER SERVICES AND C

73627401 80100 PROFESSIONAL SERVIC 100,000 100,000 16,433.00 16,433.00 .00 83,567.00 16.4%



# Bay County Michigan

05/07/2014 12:07

BAY COUNTY, MI  
YTD BUDGET REPORT

PG 2  
glytbdud

FOR 2014 04

ACCOUNTS FOR: PUBLIC EMPLOYEE HEALTH CARE ORIGINAL APPROP REVISED BUDGET YTD ACTUAL MTD ACTUAL ENCUMBRANCES AVAILABLE BUDGET PCT USED

73627401 80101 ACTUARIAL SERVICES	35,000	35,000	-5,914.51	.00	.00	.00	35,000.00	.0%
73627401 81400 INVESTMENT/BANK SER	30,000	30,000	.00	.00	.00	.00	35,914.51	19.7%
73627401 81700 LEGAL FEES	7,500	7,500	.00	.00	.00	.00	7,500.00	.0%
73627401 81900 CONSULTANTS	30,000	30,000	3,625.00	.00	.00	.00	26,375.00	12.1%
73627401 94601 EQUIPMENT RENTAL-CO	55	55	.00	.00	.00	.00	55.00	.0%
73627401 96500 INSURANCE AND BONDS	2,500	2,500	.00	.00	.00	.00	2,500.00	.0%
TOTAL OTHER SERVICES AND C	205,055	205,055	14,143.49	16,433.00	.00	.00	190,911.51	6.9%
TOTAL VOL. EMPLOYEE BENEF. ASSOC. BO	0	0	14,143.49	16,433.00	.00	.00	-14,143.49	100.0%
TOTAL PUBLIC EMPLOYEE HEALTH CARE	0	0	14,143.49	16,433.00	.00	.00	-14,143.49	100.0%
TOTAL REVENUES	-205,815	-205,815	14,143.00	16,433.00	.00	.00	-205,815.00	
TOTAL EXPENSES	205,815	205,815	14,143.49	16,433.00	.00	.00	191,671.51	

8